

The American Recovery and Reinvestment Act (ARRA) Ad Hoc Committee Workshop

Energy Efficiency and Conservation Block Grant and State Energy Programs

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California Energy Commission

Sacramento, California



Presentation Topics

- Overview of ARRA Energy Programs
- Program Goals and Objectives
- ARRA Energy Funds- Where we have been and look ahead
- Energy Efficiency & Conservation Block Grant Program (Block Grant)
 - Small County/ City Pass Through
 - Discretionary Funds
- State Energy Program (SEP)
 - Proposed Allocations
 - Program Components
- Energy Star Appliances

ARRA Formula Energy Programs

Total of \$11.3 billion in formula-based funding

- \$3.1 billion State Energy Program (SEP)
 - Energy Commission will receive \$226 million
- \$3.2 billion Energy Efficiency and Conservation

Block Grant Program

- California local governments (large cities and counties) will receive a direct award of more than \$302 million
- Small cities and counties will receive at least \$29 million through the Energy Commission
- Energy Commission will receive \$49.6 million
- \$300 million for Energy Star Appliance Rebates
 - California will receive \$35 million
- \$5 billion for Low Income Home Weatherization
 - Department of Community Services and Development will receive about \$186 million

ARRA Program Implementation

Overarching Principles

- Accountability
- Transparency
- Verification
- Risk Mitigation



Overarching Goals for Program Priorities

- Degree of effectiveness in **stimulating the economy**, reducing energy use, attracting or retaining energy industries, and creating jobs in California.
- Potential to **expend money efficiently**, with administrative accountability and efficiency, including augmenting or leveraging existing state, federal, local and private programs.
- Potential to develop long-term, self-sustaining energy programs and **leverage public and private funding**.
- Potential to **achieve lasting and measurable energy benefits** consistent with the Integrated Energy Policy Report and Energy Action Plan “loading order”.
- Potential to **meet California’s energy policy goals** as defined by the Integrated Energy Policy Reports, ARB Scoping Plan, and Energy Action Plan, the Bioenergy Action Plan, energy legislation, and other relevant policy documents.

ARRA Energy Funds- Where We Have Been and a Look Ahead

Public Workshops

- March 13 Webinar on ARRA funding
- April 29 Municipal Financing Mechanisms (AB 811)
- May 4, 6, 7 State Energy Plan Program Concepts
- June 5 & 8 Block Grant Program Concepts
- July 14, 15, 16 Block Grant Preliminary Guidelines
- July 15 ARRA Ad-Hoc Committee
- July 28-31 SEP Guidelines
- August 3 Block Grant Final Proposed Guidelines

ARRA Energy Funds- Where We Have Been (continued)

State Energy Plan

- Notification of Availability - March 12, 2009
- Application filed with U.S. DOE - May 1, 2009
- Application approval - June 25, 2009

Block Grant

- Notification of Availability - March 26, 2009
- Application filed with U.S. DOE - June 25, 2009
- Application approval - Pending

Energy Efficiency and Conservation Block Grant Program

- Objective: Reduce fossil fuel emissions, reduce total energy use, and improve energy efficiency
- Energy Commission to receive \$49.6 million
- Energy Commission filed application on June 25, 2009
- Awaiting federal approval and state budget authority

EECBG

Small City/County Pass-Through Funds

- Requires cost-effective energy efficiency (AB 2176)
- Allocation based on a per capita formula
- Base allocation of \$5.00 per person, using DOE population estimates
- Base allocation increased by unemployment rate
- $(1 + \text{Unemployment rate}) \times \5.00
- Establishes minimum funding levels:
 - \$25,000 per City
 - \$50,000 per County
- Allows for energy efficiency projects or direct equipment purchases
- Allocates approximately 70% of EECBG (ARRA requires a minimum of 60%)

Program Design: Use of Funds

- Cost-Effective Energy Efficiency Projects
- Base on energy saved per \$ spent (not dollars saved), so utility rates do not matter
- Minimum of 10 million source Btu's per \$1,000 of EECGB funds spent
- Feasibility study is required to verify savings
- Direct Purchase Option
- Types of energy saving equipment will be specified
- Applications of equipment will be specified in certain instances

EECBG

Discretionary Funds

- Approximately \$13,000,000 will be available through a competitive program
- Minimum funding awards of \$500,000
- Program design discussions underway at Energy Commission, possible activities include:
 - Competitive grants for local jurisdiction partnerships
 - Set-aside for expanded activities (subject to legislative changes)

EECBG Small Jurisdiction Funding

Anticipated Schedule

06/25/2009	Application to US DOE
05/04/2009 – 07/07/2009	Develop preliminary Pass-Through Funding Guidelines
07/08/2009	Post preliminary Guidelines
07/14/2009 – 07/16/2009	Workshops (San Diego, Santa Ana, Redding, Ripon) to receive comments on preliminary Guidelines
07/24/2009	All public comments due
07/24/2009 – 08/06/2009	Revise comments into final Guidelines
08/07/2009 – 09/09/2009	Post final Guidelines for public review, simultaneously develop solicitation and reporting requirements from Guidelines
09/16/2009	Business Meeting approval of Guidelines
09/17/2009	Issue solicitation packages for grants
9/30/2009	US DOE approval expected
10/1/2009 – 2/15/2010	Grants applications accepted
10/15/2009 – 03/15/2010	Process Grant Applications
11/15/2000 – 03/31/2010	Issue Grants

State Energy Program (SEP)

- Objective: Increase energy efficiency to reduce costs and consumption, reduce reliance on imported energy, improve reliability, and reduce energy production impacts on the environment
- Energy Commission to receive \$226 million
- DOE approved application on June 25, 2009; 50% of funds available
- Awaiting state budget spending authority

Phase I: SEP Proposed Allocations

1. Department of General Services (DGS) Revolving Loan Program \$25 million
2. Clean Energy Workforce Training million \$20
3. Energy Conservation Assistance Account (ECAA) \$25 million
4. SEP School and Public Sector Matching Grants up to \$50 million

Phase II: SEP Proposed Allocations

5. Clean Energy Systems Revolving Loan* Program
up to \$35 million

Targeted at private sector for Efficiency Distributed Generation, Combined Heat and Power; and Biomass Energy.

* Funding agreements may include loans, grants or a combined grant and loan.

6. Energy Efficiency Programs up to \$96 million

Residential Retrofit

Non Residential Retrofit

Municipal Financing District

DGS Revolving Loan Program- Energy Efficiency in State Buildings

- Achieve energy savings in identified state buildings through energy efficiency retrofits which include lighting, HVAC systems and controls
- Stimulate the economy and create jobs by purchasing substantial amounts of equipment and contracting with equipment installation providers
- The Department of General Services (DGS) will administer the revolving loan program for over 300 buildings from over 30 state departments throughout the State of California

Clean Energy Workforce Training

Program Goals

- Support regional workforce development training programs that focus on professional and personal skills
 - Energy efficiency
 - Water efficiency
 - Renewable energy (distributed generation and utility scale)
 - Clean transportation

Funding Sources

- An Estimated \$47 million will be awarded to regional workforce development programs:
 - \$20 million from State Energy Program (ARRA)
 - \$15 million from Alternative and Renewable Fuel and Vehicle Technology Program (AB 118, non-ARRA)
 - \$12 million from Public Interest Energy Research program for green partnership academies (non-ARRA)

Clean Energy Workforce

Training Program

- Green building re-training and pre-apprenticeship training partnerships
- Clean energy re-training and pre-apprenticeship training partnerships
- Green building and clean energy career advancement training
- Alternative and renewable fuel and vehicle technologies workforce training

Target Populations

- Green Building & Clean Energy
 - Unemployed or under employed and incumbent workers, with a focus on construction workers
 - New workforce entrants
- Alternative and Renewable Fuel and Vehicle Technologies Workforce
 - Unemployed, under employed and displaced workers
 - Incumbent workers, with a focus on transportation fuel, vehicle and component manufacturing related workers

Energy Conservation Assistance Act (ECAA)

Revolving Loan Program

- \$25 million to supplement available ECAA loan funds
- ECAA provides low-interest financing for energy efficiency, combined heat and power, demand reduction, and generation projects
- Eligible entities include:
 - Public Schools
 - Public Hospitals
 - Public Care Institutions
 - Units of Local Government
- Current Loan Rate is 3%
- Maximum Loan Amount is \$3,000,000 per application
- More information can be obtained by visiting <http://www.energy.ca.gov/efficiency/financing/>.

SEP School and Public Sector Matching Grants

- SEP-funded grants will be available to public schools, colleges and other public agencies
- Recipients must match grant funds with Energy Conservation Assistance Act Loans
- Projects must meet Energy Conservation Assistance Act Criteria for cost-effectiveness
- Recipients may also use any utility incentive funds as matching funding

Clean Energy Systems

- Targeting the private sector with up to \$35 million in ARRA SEP funds
- Focused on the following technologies:
 - Distributed Generation
 - Combined Heat and Power
 - Bioenergy
- Propose principally revolving loans to sustain funding over time

SEP Efficiency Retrofits

- Focus is on energy efficiency retrofits in the existing residential and commercial buildings
- The three major programs under SEP Efficiency Retrofits are:
 - California Comprehensive Residential Building Retrofit Program
 - Municipal and Commercial Building Targeted Measure Retrofit Program
 - Municipal Financing District Program (“AB 811” type programs)

SEP Efficiency Retrofits - California Comprehensive Residential Building Retrofit Program

- Create jobs and stimulate the economy through a comprehensive program to implement energy retrofits in existing residential buildings
- Work with regional groups of local governments, utilities, community colleges, national energy programs, and private and public energy and building contracting experts to deliver a tiered approach to put Californians back to work
- The first two tiers will be based on simple checklist approaches that can be developed quickly and carried out with only limited training
- The third tier will be a deeper, comprehensive, whole-house retrofit approach consistent with the California Home Energy Rating System Program and the national Home Performance with Energy Star Program
- Coordinate with and leverage local affordable housing and neighborhood stabilization programs to bring the advantages of energy efficient housing to under-served, economically disadvantaged populations

SEP Efficiency Retrofits - Municipal and Commercial Building Targeted Measure Retrofit Program

- The focus of this Program is to capitalize on low risk, high return efficiency opportunities across the state.
- The technologies selected for deployment must be market transformative
 - represent the best practice concepts for their specific applications
 - achieve significant energy savings compared to the existing technologies being replaced
 - be broadly applicable across the commercial building sector, and
 - provide ancillary benefits such as higher quality building environments and reduced maintenance costs that will increase customer acceptance and demand.
- Training entry-level workers to conduct the relatively straightforward energy audits necessary for these targeted measures is a key aspect of this program.
- Program participants can benefit from volume purchasing agreements with technology manufacturers to minimize payback periods.
- Examples of targeted measures include occupancy controlled bi-level lighting fixtures for parking lots, parking garages, exterior walkways, and building stairwells. Also some broadly applicable technologies for commercial kitchen ventilation and HVAC controls.

SEP Efficiency Retrofits - Municipal Financing District Program

- To assist cities, counties and groups of cities and counties in implementing or continuing their own financing district programs to fund energy efficiency and on-site PV retrofits in the residential and commercial sectors
- To help ensure that local financing programs are structured to be cost-effective, sustainable, transparent and able to achieve the greatest energy savings for the amount invested

SEP Efficiency Retrofits

Anticipated Schedule

Through 07/16/2009	Develop draft guidelines
07/17/2009	Post draft guidelines
07/28/2009 – 07/31/2009	Workshops in Stockton, San Francisco and San Diego to receive comments on draft guidelines
08/05/2009	All comments due
08/08/09 – 8/20/09	Revise into final guidelines
8/21/09 – 9/21/09	Post final guidelines for public review, simultaneously develop solicitation from guidelines
9/23/09	Business meeting approval
9/30/09	Issue solicitation for bids
10/30/09	Proposals due
11/30/09	Announce winners
12/01/09 – 1/31/10	Issue awards to winning bidders

Energy Star Appliances

- California will receive \$35 million
- Purpose is to supplement existing rebates for residential Energy Star appliances to encourage consumers to replace older appliances with high efficiency versions
- States to identify eligible appliances but are encouraged by DOE to include heating and cooling equipment, appliances and water heaters
- State Energy Offices must submit their initial application to DOE by August 15, 2009

For More Information:

- Visit the Energy Commission's website at:
 - www.energy.ca.gov/recovery
- and sign up for List Server to receive timely announcements
- For today's workshop – email comments and questions to: recovery@energy.state.ca.us
- California Economic Recovery Portal
 - www.recovery.ca.gov
 - Federal Energy Website:
 - www.energy.gov/recovery